



FEDERAL ELECTION COMMISSION  
WASHINGTON, D C 20463

NOV 16 2007

Jan Witold Baran, Esq.  
Wiley Rein LLP  
1776 K Street, NW  
Washington, DC 20006

RE: MUR 5923  
American Dream PAC and  
Cindy Barberio Payne in her official  
capacity as treasurer

Dear Mr. Baran:

On October 30, 2007, the Federal Election Commission accepted the signed conciliation agreement and civil penalty submitted on your clients' behalf in settlement of violations of 2 U.S.C. §§ 432(c), 434(b)(2)-(4), and 434(b)(6)(B)(v), provisions of the Federal Election Campaign Act of 1971, as amended ("the Act") and 11 C.F.R. § 104.3(a), (b). Accordingly, the file has been closed in this matter.

Documents related to the case will be placed on the public record within 30 days. *See* Statement of Policy Regarding Disclosure of Closed Enforcement and Related Files, 68 Fed. Reg. 70,426 (Dec. 18, 2003). Information derived in connection with any conciliation attempt will not become public without the written consent of the respondent and the Commission. *See* 2 U.S.C. § 437g(a)(4)(B).

Enclosed you will find a copy of the fully executed conciliation agreement for your files. If you have any questions, please contact me at (202) 694-1650.

Sincerely,

*Dominique Dillenseger*  
Dominique Dillenseger  
Attorney

Enclosure  
Conciliation Agreement

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**BEFORE THE FEDERAL ELECTION COMMISSION**

In the Matter of )

MUR 5923

American Dream PAC and Cindy Barberio Payne, )  
in her official capacity as treasurer )

**CONCILIATION AGREEMENT**

This matter was initiated by the Federal Election Commission ("Commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities.

The Commission found reason to believe that Respondents violated 2 U.S.C. §§ 432(c), 434(b)(2)-(4), and 434(b)(6)(B)(v), and 11 C.F.R. § 104.3(a), (b).

NOW, THEREFORE, the Commission and the Respondents, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over the Respondents and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C. § 437g(a)(4)(A)(i).

II. Respondents have had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondents enter voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

**Applicable Law**

1. The Act requires political committees, through their treasurers, to file complete and accurate reports of receipts and disbursements with the Commission. 2 U.S.C. § 434; 11 C.F.R. § 104.

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2. Each report filed pursuant to 2 U.S.C. § 434 must contain the total amount of all receipts and disbursements. 2 U.S.C. § 434(b)(2), (4); 11 C.F.R. § 104.3(a), (b).

3. The treasurer of a political committee must keep an account of: all contributions received by the committee; the identification of any person making contributions aggregating more than \$200 during the calendar year, together with the date and amount of any such contribution; and the name and address of every person to whom any disbursement is made, together with the date, amount, and purpose of the disbursement, and a receipt, invoice, or cancelled check for each disbursement in excess of \$200. 2 U.S.C. § 432(c).

4. Each report must disclose the identity of the person who makes a contribution that has an aggregate amount or value in excess of \$200 within the calendar year, or in any lesser amount if the committee should so elect, together with the date and amount of any such contribution. 2 U.S.C. § 434(b)(3)(A).

5. Each report must disclose the name and address of each person who has received any disbursement that has an aggregate amount or value in excess of \$200 within the calendar year, together with the date, amount, and purpose of any such disbursement. 2 U.S.C. § 434(b)(6)(B)(v); 11 C.F.R. § 104.3(b)(3).

#### Background

6. Respondents are American Dream PAC ("ADPAC") and Cindy Barberio Payne. Cindy Barberio Payne is a respondent in her official capacity as treasurer only. Payne was not involved in the activities described herein, and was not the treasurer at the time the violations described herein occurred.

7. ADPAC is a multicandidate political committee as defined by 2 U.S.C. § 441a(a)(4), and has filed disclosure reports with the Commission since 1997.

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8. From 1999 through 2002, Lydia Meuret was the treasurer, Executive Director and custodian of records for ADPAC. Meuret was responsible for the accounting, bookkeeping and administrative functions of ADPAC. She received and deposited contributions to ADPAC; prepared, signed and mailed checks to pay ADPAC bills, accounts, obligations, and campaign contributions; handled the mail; reconciled bank statements; prepared financial reports; and directed the activities of bank employees with regard to ADPAC bank and credit card accounts. In addition, as Executive Director of ADPAC, Meuret managed and was responsible for safekeeping of ADPAC designated funds.

9. Meuret began diverting ADPAC funds in November 1999 to pay off her personal credit card balances. Meuret wrote checks payable to herself, deposited the embezzled funds into her personal bank account, and used the funds to pay off her credit card balances. She also wrote checks payable to various credit card companies to pay off her credit card balances. Meuret paid back some of the money she had taken from ADPAC by writing checks drawn on her personal bank accounts and depositing them into ADPAC's bank account. Meuret kept two sets of books, recording all of ADPAC's financial transactions, including the unauthorized disbursements, in a computerized accounting system, while maintaining a separate spreadsheet where she recorded the Committee's legitimate disbursements. She would produce the spreadsheet if anyone asked about ADPAC's expenses.

10. Meuret ceased working for ADPAC at the end of 2002. After Meuret left, ADPAC temporarily assigned Jill DeYoung as treasurer of ADPAC. In January 2003, DeYoung asked Meuret for ADPAC's financial records, but received only a few bank statements and miscellaneous documents. Meuret told DeYoung that most of the bank statements had been lost. Meuret did not provide any check registers, computer records of ADPAC's financial

transactions, or supporting documentation for the transactions. Upon reviewing ADPAC's records, DeYoung discovered numerous questionable transactions, including numerous charges on ADPAC's credit card for personal items purchased by Meuret. She asked Meuret how she wanted to handle those charges. Shortly thereafter, on February 20, 2003, Meuret admitted to DeYoung that she had diverted funds from ADPAC.

11. The embezzlement scheme was carried out over a 3-year period. ADPAC did not have in place adequate internal control procedures over its finances that would have allowed for earlier discovery of the diversion of funds. Meuret was responsible for, and essentially performed, all the accounting, bookkeeping and administrative functions of ADPAC, with no oversight from anyone else involved with ADPAC. ADPAC did not segregate duties, regularly conduct audits, establish control procedures over receipts and disbursements, conduct periodic review of its finances, or have any other internal controls in place.

12. In 2003, Meuret was prosecuted in United States District Court and pled guilty to one count of mail fraud in violation of 18 U.S.C. § 1341. On October 31, 2003, Meuret was sentenced to 15 months imprisonment and 3 years supervised release and was ordered to pay \$119,021 in restitution to ADPAC and a \$100 special assessment.

13. In June 2006, more than 3 years after the discovery of the embezzlement, ADPAC informed the Reports Analysis Division that ADPAC would be amending its reports from prior election cycles to reflect unauthorized disbursements made by Meuret. On June 29-30, 2006, ADPAC filed 12 amended reports disclosing 39 expenditures totaling \$32,173.82 paid either to Meuret or to various credit card companies, with "Misappropriated Funds-L. Meuret" as the purpose of disbursement, and 3 unreported receipts totaling \$12,200, listed as "Reimbursement" from Meuret.

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14. Because of Meuret's undiscovered and unauthorized disbursements, ADPAC filed inaccurate reports with the Commission for activity occurring between 2000 and 2002. ADPAC failed to accurately keep an account of and disclose \$12,200 in receipts from Meuret and \$32,173.82 in unauthorized disbursements to Meuret and to credit card companies, on its 2000 April Quarterly, 2000 July Quarterly, 2000 October Quarterly, 2000 30-Day Post-General, 2000 Year-End, 2001 Mid-Year, 2001 Year-End, 2002 April Quarterly, 2002 July Quarterly, 2002 October Quarterly, 2002 30-Day Post-General and 2002 Year End Reports.

V. Respondents violated 2 U.S.C. §§ 432(c), 434(b)(2)-(4), 434(b)(6)(B)(v) and 11 C.F.R. § 104.3(a), (b) by failing to accurately keep an account of and report disbursements totaling \$32,173.82 and receipts totaling \$12,200.

VI. Respondents will take the following actions:

1. Respondents will pay a civil penalty to the Federal Election Commission in the amount of \$4,600 pursuant to 2 U.S.C. § 437g(a)(5)(A).

2. Respondents will cease and desist from violating 2 U.S.C. §§ 432(c); 434(b)(2)-(4), 434(b)(6)(B)(v), and 11 C.F.R. § 104.3(a), (b).

VII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

VIII. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

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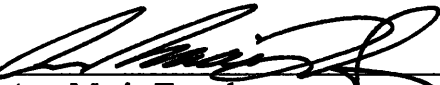
IX. Respondents shall have no more than 30 days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

X. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be enforceable.

FOR THE COMMISSION:

Thomasenia Duncan  
General Counsel

BY:

  
Ann Marie Terzaken  
Acting Associate General Counsel  
for Enforcement

11/15/07  
Date

FOR THE RESPONDENTS:

Cindy Barbario Payne,  
(Name) TREASURER  
(Position)

OCTOBER 13, 2007  
Date

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